

THE VOICE

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Special Points of Interest

- In June 2007, the SBA rolled out its Patriot Express Loan Initiative.
- To date, 33 Patriot Express loans have been made in Georgia for a total of \$2.7 million. Loans have ranged from \$4,500 to \$350,000.
- Lenders in Georgia that have actively supported this initiative are: Bank of America, BB&T, Business Loan Center, Cornerstone Bank, Sunrise Bank of Atlanta, and SunTrust Bank.

GEORGIA SBA LENDERS HOLD ANNUAL CONFERENCE AT REYNOLDS PLANTATION

SBA Georgia District Director Terri Denison spoke to the opening session of the Georgia Lenders Quality Circle (GLQC) annual conference at the Reynolds Plantation Ritz Carlton on Lake Oconee

Denison's remarks, on January 17, covered the agency's lending activity over the past year, along with an update on lending in Georgia for first quarter, FY 2008.

"Although there is growing discussion about an impending slower economy, SBA lending in Georgia at the end of first quarter FY 2008 is about on par with last year's pace," said Denison. "As of December 31, 2007, there were 648 loans made under our 7(a) Program for \$131.8 million, compared to 626 loans totaling \$140.3 million for the same quarter in FY 2007."

With SBA 504 Economic Development Loans, there were 80 approved for \$47 million at the end of first quarter 2008, compared with 77 loans for \$46.4 million in first

quarter 2007.

Looking at developments during the past year, Denison noted that the Georgia District Office saw the total shift of its lending function in March 2007 from loan guaranty processing to lender relations.

"The District Office also started to focus on lender recruitment, training and marketing of the SBA loan programs to small businesses as well as lenders" she added.

Nuby Fowler, SBA Southeast Regional Administrator, was also an opening speaker at the GLQC Conference.

Miguel Alandete, GLQC Chairman, hosted the group's 4th annual conference.

"We decided to hold these annual conferences so we could provide our membership (now at 88 lending institutions) with an economic forecast along with updates on SBA lending programs," said Alandete, Vice President of Georgia Small Business Capital, an SBA Certified Development Company.



Terri L. Denison
Addresses Lenders

"This year is very interesting on what the future holds for our region with a possible slowdown in the economy, but also the historic drought affecting our state," he said. New officers were introduced. They are: Adrienne Sipe of Meridian Financial, 2008 Chairperson; Rosemarie Drake of CIT, Chairperson-Elect; Wendy Beuglas, Treasurer; and Tim Souther of Georgia Certified Development Corporation, the new GLQC Secretary.

SUNRISE BANK HOST PATRIOT EXPRESS SEMINARS

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Your Small Business Resource

Sunrise Bank of Atlanta hosted two seminars late last year on the SBA's Patriot Express Loan Program.

Charles Green, President of Sunrise Bank, welcomed attendees to the seminars which were held on Nov. 9th and Dec. 7th at the bank's

offices at 600 West Peachtree St. NW.

Jorge Valentin-Stone, SBA Veterans Officer in Georgia, gave an overview of the loan program which can provide bank financing of up to \$500,000 for veterans and others in the military

community.

The December seminar featured presentations on exporting by Ray Gibeau, SBA Regional Manager of International Trade, and Charles Boyanton, Director of the UGA International Small Business Development Center.

JENNY BASS USES SBA 7(A) LOAN TO ACQUIRE METAL TUBING BUSINESS

When Jenny Bass graduated from the Wharton School of Business in Philadelphia three years ago, she had the management skills to compete for a coveted job with an investment banking house on Wall Street.

However, Bass, a native of Limestone County in North Alabama, decided to look south to Atlanta and the possibility of going into business for herself. "I wanted to build something on my own and have more control over my life," she recalled.

When she reached Atlanta, Bass started looking for an existing small company she could acquire, rather than trying to start her own business.

With the help of Abraxas Business Services, a business brokerage firm, and an SBA 7(a) Loan Guaranty from Cornerstone Bank, Bass bought Essve Tech Inc., an Atlanta-based small manufacturer of metal tubing used in the reinforcement of concrete.

"When I was at the Wharton School, one of our instructors told us a lot about the Small Business Administration and its loan programs for existing and start-up small businesses," she recalled.

Ms. Bass said she got a lot of additional information on SBA guaranteed loans from

several banks before she reached an agreement with Mike Sherman and Cornerstone Bank on her 7(a) loan.

"Ms. Bass' company is the type of business Cornerstone likes to make loans to," explained Sherman, Vice President/SBA Lending at the bank. "Her company is in a niche business within the commercial construction industry. And she only has one major competitor and that firm is on the West Coast."

With the 7(a) Program, the SBA can guarantee 75 percent of a loan up to \$1.5 million with a maximum loan of \$2 million. The loan can be used for new or expanded construction of a small business as well as to purchase equipment or for working capital.

The SBA backs these loans to the lender to encourage them to finance risky start-ups or other ventures that may not be able to get conventional funding.

Bass' company, which will have revenues of nearly \$1 million this year, makes corrugated steel tubing that is used as part of the reinforcement of concrete structures, including bridges and commercial buildings.

Since she acquired the firm in late 2004, Bass has moved to diversify her sales from about 50 percent bridge work,



Jenny Bass

to other areas of construction including parking garages and concrete pilings used in offshore oil rigs.

The specialized steel tubes made by her company are supplied to post-tensioning subcontractors. The tubes house "re-bar" and high-strength steel strands used to support concrete sections of bridges and other structures. The tubing is made of 26 gauge, galvanized steel.

After she acquired the company from the previous owner, Bass increased sales by more than 250 percent.

With her company's production at full capacity, she has ordered a new machine that will increase product capacity by about 75 percent," she noted.

The SBA is making it easier for small businesses to obtain surety bonds by offering a new, fast online electronic application process on the agency's popular web site.

The new "E-app system" allows small businesses to easily submit their application for bonding with surety companies that are registered to use the process. To learn about the "E-app system," click on www.sba.gov/eapplication.

SBA SURETY BOND ACTIVITY WAS UP IN 2007

Small contractors increased their use of SBA-backed bid bonds by 33 percent during FY 2007, compared to a year ago.

The SBA issued 159 bid bonds on \$68.8 million in contracts to Georgia firms during the year ended last Sept. 30. This compares to 119 bonds issued on contracts worth \$52.2 million

In FY 2006.

The number of final bonds was about the same in FY 2007 compared to the previous year.

A total of 78 final bonds, on contracts worth \$28.3 million, were issued to small contractors during FY 2007. This compares to 86 final bonds, on contracts worth \$34.8

million in FY 2006.

The SBA can guarantee bonds for contracts up to \$2 million, covering bid, performance and payment bonds for small contractors who cannot obtain surety bonds through regular commercial channels.

A surety bond binds the contractor to comply with terms and conditions of a contract.

SCORE PRESENTS SERVICE AWARDS AT ITS ANNUAL HOLIDAY LUNCHEON

SCORE Atlanta Chapter Chairman Steve Bloom presented service awards to a number of members at the chapter's annual luncheon including a 20-year certificate to Duncan Cutler and a 15-year service award to Dave Dobson. A 10-year award went to Carl V. Dendy.

Gold Member awards, for distinguished service of 7 years or more, went to Jeanne Sellers, Avrum Fine, John Olliver, Thomas W. Roberts, Mike Rose and Evans M. Harell.

The chapter and its affiliated offices completed an outstanding year in 2007 with 153 workshops for small businesses that attracted 2,381 attending clients.



Shown with their Gold Member Awards are, from left, Mike Rose, Ev Harrell, Avrum Fine, and Jeanne Sellers. Standing at right with the award recipients is SCORE Chapter Chairman Steve Bloom.

The Atlanta SCORE Chapter is one of six in the nation that are taking part in the Small Business Speed Coaching Test Drive Series. These events pair owners of up to 300 small businesses with 50 to 60 SCORE counselors for free, individualized mentoring sessions. The Atlanta event is set for March 6, 2008 at the downtown Hyatt Regency Atlanta Hotel. For more information, call SCORE at 404/331-0121, ext. 805.

DISTRICT OFFICE WILL HOLD MONTHLY 8(A) ELIGIBILITY WORKSHOPS FOR SMALL BUSINESSES

The Georgia District Office's Business Development Division will hold a monthly 8(a) Eligibility Workshop for small businesses throughout 2008.

In order to participate in the agency's 8(a) Business Development Program, a company should be in business for at least two years and be owned by individuals who are both socially and economically disadvantaged. Pre-registration is

required for the workshops.

The next available workshop will be from 10 a.m. to 12 noon on February 13. Each of the free workshops will be held at the SBA Georgia District Office, 233 Peachtree St. NE, Harris Tower-Room 1900, Atlanta, GA 30303.

The other workshops are scheduled at the same time with the following dates: March 12, 2008; April 9,

2008; May 14, 2008; June 11, 2008; July 9, 2008; August 13, 2008; September 10, 2008; October 8, 2008; November 12, 2008; and December 10, 2008.

There are 385 companies currently certified to take part in the 8(a) Program in Georgia. Participants typically remain in the program for nine years. They receive a wide range of development assistance.

The SBA has introduced an 8(a) Assessment Suitability Tool. This tool is intended to help companies determine whether the 8(a) program is suited for their businesses and whether applying for certification is appropriate for their needs. The tool can be found on the agency's web site at: www.sba.gov/aboutsba/sbaprograms/8abd.

BUSINESS.GOV UNVEILS NEW SEARCH FEATURES

Business.gov, the official business link to the U.S. government, has new search features and expanded content that make it easier for small business owners to find essential information they need including forms, licenses, permits and regulatory information from federal, state and local governments.

The new search services offer results directly aligned

with doing business in a specific geographic area. For example, if a user types in "business license Richmond, VA" the results on licenses will be returned from the City of Richmond and State of Virginia web site.

Business.gov has also expanded its Small Business Guides which help business owners understand what regulations and programs

apply to them, how to comply, and how to stay in compliance.

With these new features, business owners now have access to over 9,000 state, territory, county, and city government Web sites providing information on starting a business.

Business.gov is managed by the SBA in partnership with 21 other federal agencies, known as "Business Gateway."

U. S. Small Business Administration

Online Women's Business Center: This "one-stop shop" web site provides information on everything from how to start your own business to how to operate in the global market place. Website: www.onlinewbc.gov

Central Contractor Registration (CCR) is an internet-based database marketing tool for businesses and a searchable list of prospective vendors for the government. It is important that you register your business in this database if you are interested in obtaining federal contracts. The Website is: www.ccr.gov

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Your Small Business Resource

Woman-Owned Businesses are Gaining More Federal Contracts

By Steve Preston, Administrator, U.S. Small Business Administration

In 1994, Congress set a government-wide target that 5 percent of all federal contracts should go to women-owned small businesses (WOSBs). More recently, legislation was signed into law creating a set-aside for such businesses but requiring that the Small Business Administration study the issue to determine in which — if any — of the government's 313 contracting categories, many of which are defense-related, WOSBs were underrepresented.

Since then there has been an SBA study, a National Academy of Sciences review, a court case, and an external, independent study by the respected RAND Corporation on the issue. The RAND study concluded that WOSBs were underrepresented in four contracting categories, based on a review of dollars going to such firms.

Two weeks ago, based upon the RAND study, statutory law and constitutional precedent, SBA issued a proposed set-aside rule for women-owned small businesses. Our responsibility was to implement the statute in a constitutional manner, and that is what we've done.

Some critics have not been satisfied, pointing out that women are 52 percent of the population and own 28 percent of American businesses, yet in 2006 — the last year for which we have data — they received only 3.4 percent of federal contract dollars.

However, it is important to recognize this is an apples-to-oranges comparison. Women-owned businesses may be more than one-fourth of all businesses, but their gross receipts were only 4.2 percent of the economy, according to census data, because of the inclusion of large companies, many of which are led by women.

The census also indicates that women-owned businesses with fewer than 500 employees make up 3.4 percent of the economy. For the SBA rule, the pool was confined to the nearly 56,000 women-owned small businesses that were registered federal contractors at the time.

The data in fact reveal positive news for women: When WOSBs compete for contracts, they do well. In 136 of the 140 categories where RAND had sufficient survey samples to analyze, the data indicated that when women compete for federal contracts they succeed.

Actual contracting dollars to women-owned small businesses have increased dramatically under President Bush: Prime contract dollars to such companies increased from \$4.6 billion in 2000 to \$11.6 billion in 2006. The year-over-year increase from 2005 to 2006 was the largest ever, \$1.5 billion. Subcontracting dollars also increased, from \$3.6 billion in 2000 to more than \$10 billion in 2006.

Moreover, the share of federal contracting dollars that goes to WOSBs is growing as a percentage of the federal contracting universe. In 2000, these businesses received 2.3 percent of the federal government's contracts. That share has increased steadily each year of the administration and, as mentioned, reached 3.4 percent in 2006.

Federal agencies are working hard to reach the 5 percent WOSB target, but how do we get there the right way? We need to understand that the data does not show significant under-representation in the contracting arena, but rather, that too few qualified women-owned small businesses are choosing to enter that arena.

The better way to increase women-owned small businesses' share of federal contracts is to get more such firms "ready, willing and able" to perform federal contracts, and ensure they are registered in the Central Contractor Registration system.



Steve Preston

URBAN INSTITUTE REPORTS ON SBA LOANS

Studies released by the non-partisan Urban Institute have found that SBA programs are more effective than conventional loans in reaching minorities, women and start-ups.

The Urban Institute also found that for variable rate loans, borrowers who received SBA-backed loans were willing to pay higher interest rates than

borrowers of conventional loans in order to secure commercial credit.

Overall, the studies showed that loans in underserved areas—including designated Enterprise Zones, HUBZones and Low and Moderate Income areas—represented more than 36 percent of total SBA loan approvals. The

studies were commissioned by SBA three years ago to analyze the agency's lending effectiveness and its value to underserved communities.

These studies are necessary to establish an initial baseline for evaluating the outcomes achieved through SBA guaranteed loans to small businesses.